
THE CONCEPT OF SUSTAINABLE DEVELOPMENT AS THE BASIS FOR A NEW QUALITY OF ECONOMIC GROWTH

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Annotation. The concept of sustainable growth emerged in response to challenges, threats and negative trends in the global economy. Instability of political processes, national macroeconomic imbalances, economic inequality, and social problems are key issues that require new approaches. In Ukraine, as in the rest of the world, a thorough study is required to correct the existing model of economic growth in order to more effectively address the problems of structural imbalances, social, gender, economic inequality and environmental issues. For the purpose of scientific analysis and formation of a holistic understanding of inclusiveness as a key priority creating the foundations for a new quality of economic growth in Ukraine the article analyzes the main directions of formation and implementation of the concept of sustainable development; identified key areas of economic growth in accordance with Global sustainable development Objectives; summarizes the stages of introduction and implementation of sustainable development Goals in the framework of the UN development Programme in Ukraine as a prerequisite for achieving the goals of inclusive development; the article substantiates the goal of sustainable development, which has the greatest potential for forming an inclusive society in Ukraine.

Keywords: economic growth, inclusiveness, sustainable development goals.

INTRODUCTION

It is very important to rethink how policy makers formulate and ensure national economic efficiency, and to find a structural way to solve the problem of slow growth and increasing inequality, to turn the current cycle of stagnation and destruction into a new one, in which greater social inclusion and stronger and stronger growth reinforce each other. Over the past few years, there has been a global consensus on the need for a more inclusive model of growth and development; however, for now, this consensus is only a way of thinking. Inclusive development remains more of a topic of discussion than a programme of action [1].

The relevance of the study is due to the fact that after the release of the National report «Sustainable Development Goals: Ukraine», in which the results of adaptation 17 global Sustainable Development Goals [2] with regard to the specific development of the national economy, is of particular importance for the presence of prerequisites for Ukraine's economy

transition to inclusive development and to develop proposals for the formation of the foundations for the new quality of economic growth. In these circumstances, aktualisierte new requirements for public policy economic growth and structural reforms in the economy, including: comprehensiveness and consistency of regulatory measures in creating mechanisms to promote economic growth; taking into account the features of integration of the national economy into the European and world economy and the impact of global economic trends on the national economy; orientation to the achievement of new quality of economic growth based on the basic principles of inclusive development, as embodied in the Sustainable Development Goals (SDG).

The article examines the content and features of inclusive economic development in Ukraine, as well as the possibilities of achieving it in countries with different States and levels of development of socio-economic processes.

The object of research is the essence and factors of sustainable socio-economic development as the basis of a new economy.

Purpose of research:

1) analyze the main vectors of development of inclusiveness and the forms of their manifestation in the global goals of sustainable development,

2) create a holistic understanding of inclusiveness as a key priority, creating the basis for a new quality of economic growth.

Apply method: 1) document analysis, statistical observations; 2) comparative analysis, generalization of data.

THE CONCEPT OF INCLUSIVE GROWTH

The concept of sustainable development is based on five main principles: the combination of nature conservation and social development; meeting basic human needs; achieving equality and social justice; ensuring social self-determination and cultural diversity; and maintaining an integrated ecosystem. These principles characterize the essence of the concept of sustainable development. The concept of sustainable development encompasses three main dimensions of well-being: economic, environmental and social, which together create synergies.

This is the sustainable development of a country and regions, for which economic growth, material production and consumption, as well as other activities of society occur within the

limits that are determined by the ability of ecosystems to recover, absorb pollution and support the livelihoods of present and future generations.

Stability indicators are individual pieces of information that display the state of the entire system. Consideration of these «fragments» helps to better understand the full picture of the current state of the system, to find out in which direction it is moving: improving, degrading or remaining unchanged [3].

But we must also take into account the fact that the «stability» parameter alone is not enough for economic growth: it should be inclusive, that is, one that has a positive impact on the well-being of the broadest possible segments of the population, and provides equal opportunities for the realization of human potential. The new quality of economic growth implies improving the quality of life of all citizens without increasing the use of natural resources beyond the ability of the environment to restore them. [4].

Responsible waste-free and resource-efficient consumption and production are directly related to the invention of new more effective forms of business organization and industrial activities. Unfortunately, the changes in domestic industrial production over the past quarter of a century have not brought Ukraine closer to achieving the goals of sustainable development and inclusiveness, causing deindustrialization of the national economy with all the negative and dangerous socio-economic consequences. Therefore, instead of a resource-based approach, it is advisable to apply an institutional-structural approach to identify the determinants of the functioning of industry, which takes into account not so much the availability of resources, but the effectiveness of their management, taking into account the conditions of its formation in the country [5].

Research on the content and features of inclusive economic development and the possibilities of achieving it in countries with different levels of socio-economic development has been at the center of scientific research in many countries and international organizations, including the Organization for economic cooperation and development (OECD), the *United Nations* Development Program (UNDP), the European Commission, the International Monetary Fund (IMF), the World Economic Forum (WEF), the World Bank, and the International Policy Centre for Inclusive Growth (IPC-IG). The main directions of scientific research in the framework of inclusive development research are to identify opportunities for ensuring equal access to resource markets and an impartial regulatory environment for various social groups, the formation of mechanisms for ensuring productive employment, increasing

income for excluded groups and overcoming poverty, developing new approaches to the consumption of limited resources and achieving inclusive growth in the long term.

Inclusiveness, in particular, is defined as one of the key priorities in the economic growth strategy «Europe 2020» [6]. In line with this strategy, the EU is working hard to resolve the crisis and create a more competitive economy with high employment levels. The Europe 2020 strategy aims to achieve priorities for smart, sustainable and inclusive growth.

Smart growth aims to improve the EU's performance in the following areas: education (encouraging people to learn and update their skills); research/innovation (creating new products/services that generate growth, jobs and help solve social problems); digital society (using information and communication technologies).

Sustainable growth is aimed at a resource-efficient, greener and more competitive economy, which means: a low-carbon economy that ensures efficient, sustainable use of resources; protecting the environment, reducing emissions and preventing loss of diversity; capitalizing on Europe's leadership in developing new green technologies and production methods; implementing efficient smart grids; mobilizing EU-scale networks to provide businesses (especially small manufacturing firms) with an additional competitive advantage; improving the business environment, in particular for small and medium-sized enterprises; helping consumers make informed choices.

Inclusive growth in the Europe 2020 strategy aims at high employment with economic, social and territorial cohesion by: increasing the level of employment in Europe - more better jobs, especially for women, young people and the older generation; helping people of all ages to accept and manage change through investment in skills and training; modernizing the labour market and social security system; spreading the results of growth to all parts of the EU [6].

All types of growth are interconnected. In particular, implementation of tasks for sustainable growth requires the achievement of the objectives of inclusive growth. As E. Ianchovichina and S. Lundström rightly note, it is sometimes difficult to maintain this balance, since economic growth can cause negative external effects, such as increased corruption, which is a serious problem in developing countries. Despite this, the bulk of successful growth has an emphasis on inclusiveness, especially equal access to markets, resources, and an unbiased regulatory environment.

Analysis of various sources and scientific theoretical approaches to the interpretation of the concept of «inclusive growth» allows us to conclude that this category is considered in two

guises - as economic growth, the main goal of which is to reduce poverty and inequality, and as a process of expanding the involvement of the population in creating GDP, ensuring equal opportunities for realizing their human potential regardless of socio-economic conditions, gender, place of residence and ethnic roots.

Thus, the concept of inclusive growth assumes that each economic entity is important, unique, valuable to society and has the ability to meet its needs. So, the concept of inclusive growth assumes that each economic entity is important, unique, valuable to society and has the capacity to meet its needs. It is based on the priority of developing human resources, achieving full employment, improving the skills of employees, social security and sustainable development.

Inclusive growth is fundamentally different from standard economic growth, as it has broader goals than increasing income and GDP, shifts the focus to human development and improving human well-being and reducing poverty and inequality, and aims to increase engagement and active participation in the economy, not just on distribution results. The main aspects of inclusive growth are investment in human capital, job creation, structural transformation, progressive tax policy, social protection, non-discrimination, social integration and participation, and strong institutions. Therefore, the use of the inclusive growth approach makes it possible to understand that the welfare of society is formed not only from the growth of real GDP and material incomes of the population. In fact, this is a multidimensional concept that covers such areas of human life as education, health, personal security, ecology, and many others. The conceptual model of inclusive growth from the world economic forum assumes that almost all areas of economic and social activity are taken into account in the decision-making process.

INDEX OF INCLUSIVE DEVELOPMENT AND LEVEL OF WELL-BEING

In addition to the interactive model of inclusive growth, the world economic forum has also developed the Inclusive Growth and Development Index (IDI) [7]. The need to introduce a new index is justified by the fact that economic policy priorities should be reoriented to more effectively counteract the insecurity and inequality that accompany technological change and globalization. It sustained, inclusive progress, accompanied by income growth and broadening its economic opportunity, increase resilience and quality of life should be recognized as a

politicians main goal of economic development, not GDP growth. This includes new tools for evaluating the effectiveness of such policies.

The Inclusive Development Index is based on 12 indicators grouped into three groups that assess the level of economic development better than the GDP growth indicator. The three main parts of IDI are growth and development (including growth in GDP, employment, productivity, and life expectancy); inclusiveness (median household income, poverty and inequality levels); intergenerational equity and sustainability (savings, demographic load, public debt, and environmental pollution). According to WEF experts, the IDI index shows a more complete picture of economic development, if the goal of this development is primarily to constantly improve the standard of living of the population, and not just to increase the production of goods and services.

The WEF published its annual report, which ranked countries by the level of inclusive economic development. In the ranking of emerging economies, six European economies are among the top 10: Lithuania (1), Hungary (2), Latvia (4), Poland (5), Croatia (7), and Romania (10). These economies perform particularly well on Growth and Development, benefiting from EU membership, and Inclusion, with rising median living standards and declining wealth inequality. Ukraine in the ranking was on the 49th position among 77 countries. Researchers note that in Ukraine over the past 5 years, the number of people who are included in the process of economic growth and benefit from it has decreased by 6,8% [7]. Also, over the past five years, Ukraine's position on most IDI components has deteriorated. For example, the distribution of wealth in Ukraine is one of the most uneven among all developing countries.

The main destructive factor of inclusive growth was identified as the prolonged fighting in the East of the country, as it disproportionately affects the least well-off segments of the population and contributes to the outflow of labor resources from the country. Priority areas for improvement are improving professional training, reducing the administrative burden on creating new businesses, expanding funding for entrepreneurs, and strengthening the fight against corruption.

To achieve successful inclusive growth, WEF experts recommend that governments accelerate structural reforms (where necessary) and invest in human capital, in particular access to education, labour market flexibility, and gender equality.

The WEF report focuses on the fact that Ukraine has one of the highest levels of wealth inequality among all developing countries, but relatively low levels of income inequality and

poverty. These data indicate an extremely low level of domestic resources and the domestic economy and a lower level of equity in their distribution, which requires the introduction in Ukraine of progressive global approaches to the formation of a new quality of economic growth based on a significant potential for the implementation of Ukraine's priority global sustainable development Goals, which is closely correlated with the manifestations of inclusiveness in the growth of the national economy.

The need to find new ways to ensure qualitative change at the highest international level, as well as at the level of organizational structures and individual behavior, the need for changes in the political plane and the introduction of practical measures at all levels - all this has prompted concrete steps that have been transformed into the Global Goals of sustainable development, are closely linked to the concept of inclusiveness.

New sustainable development program - a list of global sustainable development goals that countries should achieve by 2030 - was approved by the UN General Assembly in September 2015. It contains 17 goals and 169 specific tasks. The goals of sustainable development and the concept of inclusive growth do not contradict each other and are mutually complementary. This thesis can be confirmed, in particular, in the formulation of the goals of Goal 8 «Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all» [8], according to which it is necessary to:

1) maintain per capita economic growth in accordance with national conditions and, in particular, GDP growth of at least 7% per year in the least developed countries;

2) achieve increased productivity in the economy through diversification, technological upgrading and innovation, including focusing on high-value-added and labour-intensive sectors;

3) promote development-oriented policies that promote productivity, decent jobs, entrepreneurship, creativity and innovation, and encourage official recognition and development of micro, small and medium-sized enterprises, including by providing them with access to financial services;

4) gradually increase the global efficiency of resource use in consumption and production systems throughout the period until the end of 2030, and strive to ensure that economic growth is not accompanied by environmental degradation, as envisaged in the ten-Year strategy of action for the transition to rational consumption and production patterns, with developed countries being the first to do so;

5) by 2030, ensure full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value;

6) by 2020, reduce the proportion of young people who do not work, study or acquire professional skills;

7) take urgent and effective measures to eliminate forced labour, end modern slavery and human trafficking, ban and eliminate the worst forms of child labour, including the recruitment and use of child soldiers, and end all forms of child labour by 2025;

8) protect labour rights and promote safe and secure working conditions for all workers, including migrant workers, especially women migrants, and those without stable employment;

9) by 2030, develop and implement strategies to promote sustainable tourism that creates jobs, promotes local culture and produces local products

10) strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all;

11) increase support provided under the «Aid for trade» initiative to developing countries, especially the least developed countries, including through the Expanded integrated framework for trade-related technical assistance to least developed countries;

12) by 2020, develop and implement a global youth employment strategy and implement the Global jobs Pact of the International labour organization.

INTRODUCTION AND IMPLEMENTATION OF THE CONCEPT OF SUSTAINABLE DEVELOPMENT IN UKRAINE

Ukraine has officially supported a number of international initiatives on the global *Sustainable Development Goals* [9-13]. Today, there is a national plan for the practical implementation of the SDG in life. The government of Ukraine has released the national report «*Sustainable Development Goals: Ukraine*», which defines the basic indicators for achieving the SDG. The report shows the results of adaptation of 17 global SDG taking into account the specifics of national development. Taking into account the principle of «don't leave anyone out» and using a wide range of information, statistical and analytical materials, a national SDG system was developed (86 development goals and 172 indicators for monitoring their implementation).

In order to achieve a new quality of economic growth in the country and ensure productive inclusion, attention is focused, in addition to Goal 8, which was mentioned above, on the implementation of the tasks laid down in Goal 9 «Industry, innovation and infrastructure». The combination of the two goals, as key aspects of realizing the potential of inclusiveness, provides:

- to ensure sustainable GDP growth based on the modernization of production, development of innovations, increase of export potential, output to foreign markets of products with a high share of added value (this indicator is planned for 2020 at the level of 25% compared to 19.2% in 2015);

- increase production efficiency based on the principles of sustainable development and the development of high-tech competitive industries (labor productivity growth rate – 99.1% and 104% in 2015 and 2020, respectively; material consumption in 2015 – 0.88, in 2025 – planned indicator at the level of 0.82);

- to promote reliable and safe working conditions for all employees, in particular through the use of innovative technologies in the field of labor protection and industrial safety (the number of victims of accidents at work in 2020 is planned to be reduced by 25%, and by 2025 – by 40%; the share of employees engaged in work with harmful working conditions, in the total number of full-time employees in 2025 is planned to be 17%);

- to create institutional and financial opportunities for self-realization of the potential of the economically active part of the population and the development of the creative economy (the number of employed employees of medium-sized and small businesses from 2015 to 2020 should increase by 1.8 million, the share of value added to production costs of medium - sized and small businesses, as a % of the total value added to production costs is planned to be 70% in 2020 compared to 59% in 2015);

- ensure the expansion of the use of electric transport and the corresponding network infrastructure (the share of electric transport in domestic traffic, up to 2020 at the level of 70%);

- ensure the availability of the Internet, especially in rural areas (the level of coverage of the population with Internet services in 2020 – 50 and by 2025 - 75 subscribers per 100 residents);

- to accelerate the development of high - and medium-technology sectors of the processing industry, which are based on the use of the chain «education – science – production» and the cluster approach in the areas: innovation ecosystem development; ICT development;

ICT in agriculture, energy, transport and industry; high-tech engineering, the creation of new materials; development of pharmaceutical and petrochemical industries.

The importance of the SDG for Ukraine is evidenced by the support of this initiative at the highest level. President of Ukraine Petro Poroshenko in his speech at the UN Summit for the adoption of sustainable development Goals post - 2015, which was held in framework of the 70th session of the UN General Assembly and during which a comprehensive vision for new development targets up to 2030, noted that to achieve the SDG at the national level, Ukraine will implement new programs and projects, which in practice will ensure macroeconomic stability, ecological balance and social cohesion. The SDG will serve as a common basis for further transformations in Ukraine.

CONCLUSIONS

Instead of the «traditional» model of economic growth in response to new challenges and trends in the world economy, scientists and economists propose the concept of inclusive growth. The main difference between the new concept is as follows: inclusive growth assumes that the well-being of society consists not only of the growth of real GDP and material incomes of the population, but also includes such areas of human life as education, health, personal security, ecology and many others. The concept of inclusive growth extends traditional models of economic growth, focusing on equality of human capital, the level and quality of life of people, the quality of the environment, social protection, food security, access to key resources, and the distribution of income and wealth.

The key objective of the inclusive growth model is to ensure equal access to resource markets and an impartial regulatory environment for various social groups, create mechanisms to ensure productive employment, increase the income of isolated groups and overcome poverty, develop new approaches to the consumption of limited resources and achieve inclusive growth in the long term.

Inclusiveness is closely linked to sustainable growth and the sustainable development goals:

- sustainable growth aims to create a resource-efficient, environmentally friendly and more competitive economy, which means: a low-carbon economy that ensures efficient and sustainable use of resources; protecting the environment, reducing emissions and preventing loss of diversity;

- the global sustainable development Goals are closely linked to the concept of inclusiveness. Ukraine's accession to the UN program and implementation of the SDG adapted to national conditions will make a significant contribution to the formation of an inclusive society in Ukraine and will create the basis for a new quality of economic growth.

Thus, the concept of inclusive growth expands traditional models of economic growth, focusing on equality of human capital, the level and quality of life of people, the quality of the environment, social protection, food security, access to key resources, as well as the distribution of income and wealth.

The author of the article substantiated that inclusiveness is a key aspect of creating the foundations for a new quality of economic growth, which characterizes the involvement of subjects in economic and related processes. This process involves all stakeholders - governments, civil society, the private sector and others. All of them should contribute to the development of an inclusive, comfortable world for everyone and work in close partnership.

In the course of the research, the main vectors of development of inclusiveness and forms of their manifestation in the global goals of sustainable development are identified. The vectors of development of inclusiveness include the social sphere (in the center - the person), economic (sustainable and balanced development, responsible consumption) and environmental.

According to the index of inclusive growth and development, the level of inclusive growth and development in Ukraine has been determined: over the past five years, its position in the rating has deteriorated. This country has one of the highest levels of wealth inequality among all developing countries, but relatively low levels of income inequality and poverty. In addition, Ukraine remains one of the poorest countries in Europe in terms of average well-being of the average adult. The main obstacles to inclusive growth in Ukraine are: internal and external labor migration, shadow/informal employment; limited opportunities for employment and income generation, uneven geographical and sectoral distribution of these opportunities; macroeconomic risks, significant variability of macroeconomic variables such as GDP, inflation, the real exchange rate, interest rates, which constrain or hinder investment in the country, reduce opportunities for full employment; political turmoil and instability, excessive levels of corruption in public administration, the scale of the shadow economy, the lack of an appropriate legal framework.

At the same time, Ukraine has taken a number of important steps to increase the level of inclusive growth and development. At the present stage, there is a national plan for practical

implementation of the ideas of sustainable development in life (*National Report «Sustainable Development Goals: Ukraine»*).

As a result of the research, the author identified the sustainable development Goals with the greatest potential for creating an inclusive society and ensuring economic growth in Ukraine (goals 8, 9). The combination of two goals creates a synergistic effect. Based on the analysis of the framework conditions, national policies, as well as global trends, it is revealed that the ICT sector is the area of activity with the greatest potential for economic growth, and the most important factor for increasing inclusion in order to achieve economic growth is to overcome gender gaps in the labor market. Based on the results obtained, the directions for improving the process of adaptation of global SDG in Ukraine were determined.

There are still many open questions concerning inclusiveness, implementation of the SDG in Ukraine, and economic growth. Further research is required in the area of managing the sustainable development of the country's socio-economic systems within the framework of efficient use of resources and preserving the balance of the environment, and developing recommendations for improving the monitoring system for this process.

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